

MEMORANDUM FOR:

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Herewith a first installment of thoughts on the NIOs. I will give you a second paper containing some options in another 10 days or so. (I will be out of town on leave from Friday through Tuesday.) This is somewhat idiosyncratic, and I may have exaggerated some of the issues in an effort to make them understandable. The most important thought is in the very last paragraph. I feel very strongly that the present problems with the NIOs, while serious, are secondary to this one. At least in part, they are a symptom of it.

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NIO for Warning

Attachment

Date 20 June 1979

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20 June 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : NIOs Revisited

1. The major differences between the duties of an NIO today and those described in my memo of 1976 are:

- DD/NFA's use of the NIO as his tool for running NFAC, which has exacerbated the longstanding chain-of-command problem.
- Elimination of the D/DCI/NI position, leaving the NIOs less collegial and less managed than ever.
- Decreased emphasis on Community matters.
- Decreased demand for and interest in political estimates on the part of policy officers.
- Greatly increased demand for sophisticated interdisciplinary analysis by the same people. The NIOs are looked to for such analysis and thus have become involved in NFAC's unilateral production.
- Reduction in NIO responsibilities for collection with the creation of CTS; the emphasis is now entirely on production and related activities.
- Creation of various devices, especially the Review Panel, for review of product.

2. Colby's original concept of the NIO as his man for a slice of substance has held up quite well. The NIOs' responsibilities have been narrowed, however, their role in the internal management of NFAC/DDI production has been broadened and institutionalized, and a critical review process has been established. In this last one of the two major weaknesses identified in my earlier memo has been dealt with. The other, however, has been worsened. Equally important, the Agency and Community within which the NIOs work have changed greatly since 1973. Thus there are still two major weaknesses, one old -- the internal management problem -- and one new, or renewed -- the Community problem. The next few paragraphs address these issues.

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Internal Management

3. What is the chain-of-command problem? Is it simply that there are too many people giving orders to analysts, as the analysts say, is it that the NIOs encroach on the authority of the Office Directors, as the Office Directors say, or is it that the Office Directors have not developed analysts of the quality the NIOs think they need, as the NIOs say? While all of these statements have truth to them, I believe the real problem is how to organize production in a rational way in an organization as complex as NFAC, to meet demands as complex as those that are put on it today.

4. There is no easy answer. Any system must balance:

- The Community interest against the NFAC interest: do we do an interagency paper or a unilateral one? The former takes much more time and requires a different approach; the latter is the easy way and often the most useful, but it is subject to the biases built in to NFAC analysts.
- The regional interest against the functional: are our analysts primarily country specialists or primarily economists and political scientists? Both can lose sight of larger dimensions; the trick is to find the right degree of tension between the two approaches.
- The short-term against the long. This is both the most critical and the most difficult. In simplest terms, the results of long-term research will not have much effect if they are not read; many of us believe they will not be read by the senior policymaker unless he has been served well by short-term products including the estimative from the same source. If we don't deliver in the short term, we won't get a chance in the long. Yet, the competition for resources is real, and any system for managing production must somehow protect research in progress and respond to current demands.
- The need for sensitive and sophisticated response to consumer requirements against the need for systematic development and management of the analyst force. This is the essence of the NIO vs. Office Director conflict. Neither an Office Director, for example, nor an NIO

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can be fully understanding of all the critical substantive problems that concern us and give full attention to recruiting, training, and nurturing a stable of (one hopes) brilliant runners in the analytic sweepstakes. But the tradition of a system in which there were no NIOs and the Office Director was supreme, guides Office management to see itself responsible for both. And the concept of the NIO requires that he ask more of the office than it can deliver, for he, more than the Office, is held responsible for the quality of the product, for the bulk of which he must rely on the NFAC Office.

5. In fact, the scale of NFAC production operations, running from current reporting to long-range research, is too great and too complex for either Office Directors or NIOs to control fully or well. Most production projects are handled by an informal system that has developed to a considerable extent spontaneously as problems have grown more complicated and demands for interdisciplinary work more insistent. We have interdisciplinary "centers," to be sure, but the informal team approach is much more important. Simply, for each project that involves more than one analytic speciality, from the NID article to the major research project, the responsible analysts in effect group themselves into a team, usually without formal organization and without detaching themselves from their home branches. For the NID piece the initiating analyst is de facto team leader; for the big study, a leader is designated. An analyst may thus serve on half a dozen teams at once, and branch and division chiefs, who make up a pool of leaders, may lead more than one simultaneously.

6. Is the answer to institutionalize such a system? Probably not, for the flexibility that is its strength would be weakened if formal patterns were to be imposed. The existence of the system, however, and the recognition of two quite distinct management functions, management of production and management of people, are important for any solution to the problem of how to run NFAC.

The Community

7. How important is the Community? From the passage of the National Security Act in 1947 to the creation of the NIOs in 1973 one can trace a consistent movement from the concept of CIA as a small staff coordinating the products of State and the three military services toward a concept of CIA as a strong, self-contained organization producing national intelligence with no more than nominal consideration of other agency views. By 1973 CIA did in fact dominate national intel-

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ligence. The Office of National Estimates, originally the guardian of the Community interest, had decayed and was overshadowed by the DDI, which had developed strong unilateral tendencies. There were good reasons for CIA's relative strength, but they were not a justification for the arrogance with which it was employed.

8. This trend was understandably resented, especially in DoD. Schlesinger took over as DCI with an evident charge to right the balance, but had not yet found a solution when he departed. Ironically, Colby's solution, the creation of the NIOs, was initially conceived as a way to run CIA internally. It was only an afterthought -- but a stroke of bureaucratic genius -- that they might be used to run Community production. In one move, abolishing ONE, Colby got rid of a fossilized institution, brought the Community back into the game, and found the GS-18 slots for his internal staff.

9. In the Community the Colby system was an unqualified success. The other agencies saw the NIOs as personal representatives of the DCI primarily concerned with Community affairs. There was at least an attempt to recruit them ecumenically and, both on paper and in the DCI's mind, they were separate from CIA. Equally important, the agencies were asked to play a major role in the estimates process, in fact greater than they were equipped in many cases to play.

10. It is against this background that the present situation must be understood. Resentment in DoD is again high. The present DCI has been given authorities by the President that make it impossible for him to follow his predecessors in acting as primus inter pares. The present NFIB is not a collegial body. The merger of the NIOs and DDI is seen as again restoring CIA dominance by subordinating the NIOs to an NFAC* that is really the DDI in disguise, and to a DD/NFA who is not considered sympathetic to Community interests. A paradox: from the outside it appears that the Offices dominate the NIOs, from the inside that NIOs dominate the Offices; the inside view is more accurate. Indeed, the attention NIOs must give to internal NFAC production subtracts from that given to the Community, a tendency that in some cases is reinforced by the lack of demand for formal NIEs under this Administration.

11. In fact, the political/economic NIE ("The Prospects for Ruritania") may be dead. There is no apparent consumer demand; almost all are self-initiated. I recognize, however, the argument that there is a consumer need which NFAC can and should fill. A two-year period in which only 3 or 4 were issued apparently drew no complaints from customers. The latter seem fully satisfied with a variety of less formal products.

*The National in NFAC is a particular affront; by military definition nothing is national that is not jointly agreed or manned. DoD was not consulted.

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Some of these are interagency, but produced more quickly and related more directly to policy concerns than the ponderous NIE machinery will permit. Many are unilateral, however, when the requester wants "to know what CIA thinks," or when NFAC in fact is the only source of analytic talent. Note, however, that even production of informal interagency papers requires a coordinating mechanism. Formal or informal, the NIOs are responsible.

12. While the NSC has also shown little interest in military NIEs, these serve a necessary purpose. The annual papers provide a way of balancing military and civilian interpretations, summarizing what has been learned piecemeal over the past year, clearing the underbrush on controversial issues and coherently presenting differences of view, and providing a single set of numbers for all parties to use with Congress and the public. In effect they constitute legislation that binds the Community (and the budget-oriented policy presentation) until they are overtaken by new evidence. Moreover, on these matters there is a genuine Community of analytic resources. Thus, while elimination of the political NIE would hardly shatter the Guards, elimination of the military would be a step back to the dark ages.

13. This suggests another way of looking at the Community problem. State has to a considerable extent abdicated its responsibilities for national intelligence. In recent years it has focused its efforts on direct support of the Secretary. Defense, however, has a major interest in national intelligence and devotes major resources to it. Thus the attitude of NFAC toward the Community is yet another expression of the institutional tension in the relationship between DCI and SecDef. The mechanism for producing national intelligence should reflect the realities of that relationship and be a means for directing that tension into productive paths.

14. However this is done, the preceding paragraphs demonstrate that we are expected by the consumer and by the Community to coordinate whatever interagency production effort is required. Moreover, it is not unimportant that we have a statutory requirement to do this. CIA is directed under the National Security Act to "correlate and evaluate" national intelligence. Whether we have NIEs as an art form or NIOs as the artists, we must have a system for performing this function.

What Do We Need To Do?

15. Do we need NIOs? The answer is of course that we do not, although as individuals people of this caliber are an asset not to be wasted whatever their assignment. Moreover, there are a number of functions now carried out by the NIOs that are highly desirable if we are to evaluate and correlate well.

- There should be a marketing element to ensure that our product meets consumer needs.

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- There should be a channel through which these needs can be clearly expressed with a minimum of bureaucratic layering and distortion to the analysts who have to meet them.
- There should be some systematic way of forcing discipline-oriented analysts to work together in the formulation of fully-integrated product.
- There should be single points of reference for each region.
- There should be a system for maintenance of links with non-governmental analytic resources.
- There should be a way to identify new ideas, new requirements, and newly developing weaknesses and bring these to the attention of senior management.

16. There are many ways of doing each of these, either by staff officers (perhaps NIOs) or by line management, or by some combination of line and staff. How we meet the Community commitment, how we carry out these other functions, and how we relieve the inherent tension between NIO and Office Director depend on whether the Community interest is of primary importance to us, whether the manpower at senior grades now invested in the NIO system could better be used elsewhere, and whether the present complex of tasks assigned to an NIO could be performed as efficiently if they were dispersed throughout the organization.

17. It is worth saying here that there is nothing intrinsically damaging in assigning all these responsibilities, except that of managing NFAC production, to a group of NIOs. The present system can be made to work better by a change in management attitude. NIOs are now required to act as if they were line managers; it could be made clear that they are staff officers whose role internally is to see that tasks are carried out, unburdened by the responsibility for doing the job themselves. Friction is inevitable whenever high-powered human beings are involved, but there is no need to create it artificially. The present system muddles through largely because it is administered by professionals who have worked together a long time under many systems. There are few prima donnas among them. (Note that this attitudinal change would in effect create the arrangement Bush favored, moving the NIOs -- as staff officers -- under the DDI.)

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18. There are other, perhaps better, arrangements that could be instituted with varying degrees of pain in the interest of cleaner management lines and greater efficiency. The important fact here is that the primary problem in NFAC is not the NIO system, but rather the extreme centralization of authority and fragmentation of responsibility. What is needed is a large measure of delegation, coupled with a drastic reduction in the number of delegates. Any solution for the NIOs is intertwined with the solution to this more fundamental problem.

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for Warning